

# Proposals for TPT Simplification, Uniformity, and Standardization

**A Path to Begin Harmonizing State TPT  
Statutes and the Model City Tax Code**



# Model City Tax Code Simplification

By December 31, 2013:

- *Eliminate All “Green Page” Exceptions*
  - ✓ Preclude Any New Exceptions by Statute
- *Complete Reduction of Current Options*
  - ✓ 27 Options Presently Identified for Removal
  - ✓ 14 Options Identified for Incorporation into the Standard Language
  - ✓ Renumber the Remainder in a Single Series
- *Classification Changes:* Separate Food for Home Consumption; Split Residential & Commercial Rental; Adopt Pipeline & Transportation

# Standardize City TPT Licensing

By June 30, 2013; Effective January 1, 2014

- Reform Article III of the MCTC
  - ✓ Single License Fee Per Jurisdiction
  - ✓ Annual License Renewal
  - ✓ Quarterly Proration for First Year
  - ✓ Uniform Temporary License Provisions
  - ✓ Add Penalty Waiver Provisions
- Retain Permanent License Option For Now

# Institute Annual Renewal for State TPT Licensing

- Eases Maintenance of Active Taxpayer Accounts
- Provides Opportunity to Update Relevant Data:
  - Ownership, Legal Entity, Responsible Parties
  - Identify Current Business Locations
  - Correcting NAICS Codes
- Allows Annual Renewal for Program Cities
- Potential Costs Can Be Offset by Annual Fee

# Online Portal Project

- Expedite Portal Creation to be Online ASAP
  - Revised Goal: Operational Target Date of January 1, 2014 for Non-Program Cities
  - Single Point to File and Pay
  - Single Point of Licensing and Renewal
  - Detailed Reporting Capability of Revenues and Exemptions by Tax Classification
  - Automate Upload Capability for Taxpayers
- Once Vetted, Add State Return and Licensing to Create a True Single Point of Contact

# Retail Classification Standardization

- Make All Immediately Feasible Changes to the State and MCTC Retail Classifications, Effective July 1, 2013
- Identify Differences Requiring Fiscal Impact Research & Gather Data Needed for Further Consideration
- Prepare to Act on Remaining Differences After Congressional Action Allowing Taxation of All Remote Sellers.

# Continue State/MCTC Standardization

- Analyze State/City Differences for Each of the Remaining Tax Classifications
- Implement All Identified Changes that can be Readily Addressed
- Complete Examination of All Common Tax Classifications by January 1, 2015
- ADOR & Cities Should Make Efforts to Expand Return Coding Systems, Allowing Capture of More Detailed Data and Improved Analysis

# Apply Use Tax in All Jurisdictions

- Use Tax Protects Local Vendors Subject to TPT from Unfair Competition Based on the Tax Advantage of Outside Vendors
- Use Tax Should be a Standard Element Applicable in All Jurisdictions With a TPT
- The Use Tax Rate and Tax Base Should Match the Prevailing Retail Tax Class



# Voluntary Disclosure Systems

- State and City Voluntary Disclosure Procedures Should be Uniform
- Procedures, Requirements, and Allowances Should be Codified Within the Taxpayer's Bill of Rights for both the State and MCTC
- Application for Voluntary Disclosure to One Jurisdiction Should Result in Disclosure for All Jurisdictions

# Improve Taxpayer Guidance

- Develop Comprehensive Guideline Publications for Each Tax Classification
- Emphasize Plain Language and Real World Examples
- Minimize “Legalese” Explanations
- Reinstate Taxpayer Education Sessions

# Single Audit for All Jurisdictions

- Multi-jurisdictional Audits are Offered to Every Taxpayer, but Remain Optional
- Taxpayer Election is Roughly 15%
- MJAC Audits Should be Mandatory, Eliminating Taxpayer Choice
- Require a Single Audit Covering All Jurisdictions, Regardless of Which Office Initiates the Audit

# Information Sharing

- Address Confidentiality Statutes to Allow Better Sharing of Tax Collection Data Between Jurisdictions
- Will Allow Greater Coordination of Efforts and Accurate Analysis